



MINUTES

LAFCO REGULAR MEETING

Wednesday, March 8, 2006, 9:00 a.m.

Planning Commission Hearing Room, Hall of Administration
10 Civic Center Plaza, Santa Ana

(Any member of the public may request to speak on any agenda item at the time that item is being considered by the Commission.)

1. CALL TO ORDER

Chair Robert Bouer called the regular meeting of the Local Agency Formation Commission (LAFCO) to order at 9:05 a.m.

2. PLEDGE OF ALLEGIANCE

Commissioner Rhonda McCune led the pledge of allegiance.

3. ROLL CALL

The following commissioners and alternates were present:

- **Commissioner Robert Bouer**
- **Commissioner Bill Campbell**
- **Commissioner Peter Herzog**
- **Commissioner Arlene Schafer**
- **Commissioner Susan Wilson**
- **Commissioner John Withers**
- **Alternate Commissioner Patsy Marshall**
- **Alternate Commissioner Rhonda McCune**
- **Alternate Commissioner James Silva**
- **Alternate Commissioner Charley Wilson**

The following LAFCO staff members were present:

- Legal Counsel Clark Alsop
- Executive Officer Joyce Crosthwaite
- Assistant Executive Officer Bob Aldrich
- Project Manager Carolyn Emery
- Project Manager Kim Koeppen
- Communications Analyst Danielle Ball
- Administrative Assistant Daphne Charles

4. APPROVAL OF MINUTES

a.) February 8, 2006 – Regular Commission Meeting

MOTION: Approve minutes from February 8, 2006 as presented
and without revision (Arlene Schafer)
SECOND: Bill Campbell
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene
Schafer, James Silva, Susan Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

5. PUBLIC COMMENT

Chair Bouer requested public comments on any non-agenda item. Receiving no comments, he closed the public comment agenda item.

6. CONSENT CALENDAR

a.) Legislative Report
b.) Planning Area 5A & 9B Annexation to the City of Irvine (CA 05-61)

MOTION: Approve consent calendar (John Withers)
SECOND: Susan Wilson
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene
Schafer, James Silva, Susan Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

7. CONTINUED PUBLIC HEARING

a.) Sphere of Influence Review for the City of Los Alamitos (SOI 05-31)
b.) Sphere of Influence Review for the Rossmoor Community Services
District (SOI 05-33)
c.) Sphere of Influence Review for the City of Seal Beach (SOI 05-32)
d.) Sphere of Influence Review for the Rossmoor/Los Alamitos Sewer
District (SOI 05-34)
e.) Sphere of Influence Review for the Sunset Beach Sanitary District (SOI
05-35)
f.) Municipal Service Reviews and Governance Strategy for South Orange
County (MSR 05-24)
g.) Sphere of Influence Review for the City of Mission Viejo (SOI 05-25)

- h.) Sphere of Influence Review for the City of Rancho Santa Margarita (SOI 05-26)
- i.) Sphere of Influence Review for the City of San Clemente (SOI 05-27)
- j.) Sphere of Influence Review for the City of San Juan Capistrano (SOI 05-28)
- k.) Sphere of Influence Review for the Santa Margarita Water District (SOI 05-29)
- l.) Sphere of Influence Review for the Trabuco Canyon Water District (SOI 05-30)

7a. Sphere of Influence Review for the City of Los Alamitos (SOI 05-31)

Assistant Executive Officer Aldrich presented the staff report for the City of Los Alamitos' sphere of influence (SOI) update. He stated that the Commission established the city's original sphere in 1974 and reconfirmed it 1981 and 1989. He explained that staff recommended amending the city's sphere to include the unincorporated community of Rossmoor, which would help the city and community cooperatively plan for long-term service provision, should the residents of Rossmoor choose to annex to the city in the future.

Executive Officer Crosthwaite added that the residents of Rossmoor had requested continuing the public hearing on the City of Los Alamitos' sphere prior to the July 2006 Commission meeting.

Commissioner Silva requested to hear public testimony before initiating Commission discussion.

Chair Bouer opened the public hearing.

Eric Christensen, a member of the Rossmoor Planning Committee, requested that the Commission delay making a determination on the City of Los Alamitos' sphere of influence until its July 2006 meeting. He indicated that the committee was in the process of studying Rossmoor's governance options. He noted that the committee had hired a consultant and anticipated completing its study in May, after which it would coordinate town hall meetings. He expressed disappointment that LAFCO staff would rush its recommendations in advance of the committee completing its study. He added that Rossmoor residents were not necessarily opposed to inclusion in the City of Los Alamitos' sphere; they just want the benefit of considering all of the information before the Commission makes its decision.

At **Commissioner Herzog's** request, Mr. Christensen clarified the Rossmoor Planning Committee's request for continuance.

Commissioner McCune asked if the Rossmoor Planning Committee had received an indication that any of the existing municipalities would consider the formation of a “super city.” Mr. Christensen responded no, adding that the City of Seal Beach stated unequivocally that it would not consider that option.

Commissioner S. Wilson asked if the Rossmoor Planning Committee would commit to having its study completed by June 1, 2006, if the Commission granted the continuance. Mr. Christensen promised that the study would be completed by the June 1 deadline. He added that, while the committee would initiate its public outreach efforts by June 1, the committee might need more time to complete the town hall meetings and gauge the residents’ wishes.

Rossmoor residents Russ Lightcap and Tom Fitzgerald deferred their speaking time to Mr. Christensen.

Carol Sylvia, a Rossmoor resident, expressed upset that the City of Seal Beach had been allowed to annex the Rossmoor Shopping Center more than three decades ago, thereby crippling Rossmoor’s chance to become an independent city. She said it was unfair to ask the City of Los Alamitos to annex Rossmoor without a tax base and suggested that the Commission return the shopping center to the community.

Lee Whittenberg, Director of Development Services for the City of Seal Beach, stated that the city was opposed to changing its boundaries or the creation of a “super city” in the area. He said that the cities already work together in ways that are economically beneficial. He further added that it was irresponsible to suggest that Seal Beach detach the shopping center, which has been part of the city since the 1960s.

Chair Bouer closed the public hearing.

Commissioner Silva expressed his respect for Executive Officer Crosthwaite and LAFCO staff and thanked them for their efforts. He agreed that Rossmoor lacks the financial base to become an independent city. He suggested that it was premature for the Commission to put Rossmoor in any city’s sphere of influence and requested that his fellow commissioners grant the community an opportunity to complete its study.

Commissioner Silva made a motion to continue consideration of the City of Los Alamitos’ sphere of influence. **Commissioner Campbell** seconded the motion.

Commissioner S. Wilson indicated that she would support the motion in light of the promises made to the Commission by Mr. Christensen.

Commissioner Herzog cautioned that the Rossmoor Planning Committee should comprehensively study all police service options, not merely focus on one or two. He stated that, in light of the motion, the Commission should additionally continue its consideration of the City of Seal Beach's sphere of influence and suggested that **Commissioner Silva** amend his motion.

Commissioner S. Wilson suggested that, rather than **Commissioner Silva** amending his motion, the Commission consider the proposals one at a time. **Commissioner Silva** stated that meetings between the Sheriff's Department and Rossmoor Planning Committee had already been scheduled and added that the committee was considering all of its options.

Responding to a question posed by **Commissioner Campbell**, Legal Counsel Alsop stated that the Commission lacks the authority to remove territory from a city without said city's consent.

Commissioner Campbell stated that he would be willing to consider additional data supplied by the Rossmoor Planning Committee but, as a word of caution, indicated he was supportive of staff's current recommendations to place Rossmoor in the City of Los Alamitos' sphere of influence.

MOTION: Continue consideration of the City of Los Alamitos' sphere of influence to the July 2006 LAFCO meeting (James Silva)
SECOND: Bill Campbell
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer, James Silva, Susan Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

7b. Sphere of Influence Review for the Rossmoor Community Services District (SOI 05-33)

Assistant Executive Officer Aldrich presented the staff report for the Rossmoor Community Services District sphere of influence (SOI) update. He explained that the CSD was formed in 1986 to provide street lighting, sweeping, median landscaping, tree maintenance, and park and recreation services for the unincorporated community of Rossmoor. He indicated that the Commission assigned the CSD a coterminous sphere of influence in 1989 and

said staff recommended reaffirming the district's current coterminous sphere of influence at this time.

Chair Bouer opened the public hearing.

Executive Officer Crosthwaite indicated that she had not received any speaker cards from the audience.

Chair Bouer closed the public hearing without any comments from the public.

Commissioner Silva made a motion to continue the Commission's consideration of the Rossmoor Community Services District's sphere of influence until the July 2006 LAFCO meeting.

Commissioner Herzog suggested reaffirming the CSD's current sphere of influence, since staff's review did not turn up any issues. **Commissioner Silva** responded that he would prefer to continue the item as requested by the Rossmoor Planning Committee.

MOTION: Continue consideration of the Rossmoor Community Services District's sphere of influence to the July 2006 LAFCO meeting (James Silva)
SECOND: Arlene Schafer
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer, James Silva, Susan Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

7c. Sphere of Influence Review for the City of Seal Beach (SOI 05-32)

Assistant Executive Officer Aldrich presented the staff report for the City of Seal Beach sphere of influence (SOI) update. He indicated that the Commission assigned the city a coterminous sphere in 1983 and reaffirmed it in 1989. He stated that staff saw no logical reason for expanding the city's current sphere of influence at this time and recommended that the Commission reaffirm the city's current coterminous sphere of influence.

Chair Bouer opened the public hearing.

Lee Whittenberg, Director of Development Services for the City of Seal Beach, said that the city supports LAFCO staff's recommendations for a coterminous sphere of influence. He stated that the city sees no reason for the

Commission to continue its consideration of the city's sphere, adding that the Commission could amend the city's sphere at a future date if need be.

Chair Bouer closed the public hearing.

Following a question posed by **Commissioner Campbell's**, Legal Counsel Alsop confirmed that sphere boundaries do not extend beyond the coastline.

Commissioner McCune suggested that the Rossmoor Planning Committee include elected officials in discussions related to its current study.

MOTION: Continue consideration of the City of Seal Beach's sphere of influence to the July 2006 LAFCO meeting (Peter Herzog)
SECOND: Arlene Schafer
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer, James Silva, John Withers
AGAINST: Susan Wilson
ABSTAIN: None
MOTION PASSED

7d. Sphere of Influence Review for the Rossmoor/Los Alamitos Sewer District (SOI 05-34)

Assistant Executive Officer Aldrich presented the staff report for the Rossmoor/Los Alamitos Sewer District sphere of influence (SOI) update. He explained that the district formed in 1952 and serves a six-square-mile area that includes the unincorporated community of Rossmoor, as well as small portions of the Cities of Cypress, Long Beach, and Seal Beach. He indicated that the Commission established the district's initial sphere in 1975 and subsequently reviewed it in 1983, at which time it assigned a coterminous sphere of influence. He stated staff recommended that the Commission reaffirm the district's current coterminous sphere of influence.

Chair Bouer opened the public hearing. Receiving no comments, he then closed the public hearing.

MOTION: Adopt staff recommendations, including the adoption of a coterminous sphere of influence for the Rossmoor/Los Alamitos Sewer District (James Silva)
SECOND: Peter Herzog
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer, James Silva, Susan Wilson, John Withers
AGAINST: None

ABSTAIN: None
MOTION PASSED

7e. Sphere of Influence Review for the Sunset Beach Sanitary District (SOI 05-35)

Commissioner Herzog requested that the Commission reorganize the agenda so that it could consider the Sunset Beach Sanitary District's sphere of influence along with the City of Huntington Beach's municipal service review and sphere of influence update (item "8a" on the agenda). His fellow commissioners concurred.

7f. Municipal Service Reviews and Governance Strategy for South Orange County (MSR 05-24)

Executive Officer Crosthwaite suggested that the Commission discuss the municipal service review (MSR) for South Orange County in general terms and then consider each of the agency's spheres of influence individually. She invited general comments from the Commission regarding the MSR.

Commissioner Campbell made note of a letter from absent **Commissioner Tom Wilson**, supporting the adoption of staff recommendations.

Commissioner Schafer congratulated staff on a job well done.

Executive Officer Crosthwaite presented a PowerPoint presentation that highlighted each of the six stakeholder agencies—four cities (the Cities of Mission Viejo, Rancho Santa Margarita, San Clemente, and San Juan Capistrano) and two special districts (the Santa Margarita and Trabuco Canyon Water Districts)—and summarized the MSR process. She indicated that, because staff did not identify any service-related issues during its development of the MSR report, the South Orange County MSR stakeholder working group concentrated its discussions on the future governance of the area in light of the pending development of Rancho Mission Viejo.

7g. Sphere of Influence Review for the City of Mission Viejo (SOI 05-25)

Executive Officer Crosthwaite presented staff recommendations for the City of Mission Viejo sphere of influence (SOI) update, which included the reaffirmation of the city's current sphere of influence.

Chair Bouer opened the public hearing.

Dennis Wilberg, a representative from the City of Mission Viejo, voiced the city's support of staff recommendations. He extended his compliments to staff for coordinating a very cooperative and productive MSR process.

Executive Officer Crosthwaite offered to read absent **Commissioner Tom Wilson's** letter into the record per his request. **Commissioner Herzog** suggested that the letter be made part of the Commission's record, adding that each commissioner received a copy in advance of the Commission meeting.

Receiving no additional comments, **Chair Bouer** closed the public hearing.

MOTION: Adopt staff recommendations, including the reaffirmation of the City of Mission Viejo's current sphere of influence (Peter Herzog)
SECOND: Susan Wilson
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer, James Silva, Susan Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

7h. Sphere of Influence Review for the City of Rancho Santa Margarita (SOI 05-26)

Executive Officer Crosthwaite presented staff recommendations for the City of Rancho Santa Margarita's sphere of influence (SOI) update, which included the expansion of the city's northern sphere of influence boundary. She added that the sphere expansion was consistent with the city's General Plan.

Commissioner S. Wilson noted that **Commissioner Tom Wilson's** letter requested that specific items be made part of the motion for the South Orange County MSR. Executive Officer Crosthwaite responded that his concerns were related to governance, not the city's sphere of influence, and recommended that the Commission address his concerns later in the meeting. **Commissioner S. Wilson** agreed.

Chair Bouer opened the public hearing.

Kathleen Haton, a representative from the City of Rancho Santa Margarita, echoed Mr. Wilberg's positive sentiments about LAFCO staff and a very successful MSR process. She further voiced the city's support of staff recommendations.

Receiving no additional comments, **Chair Bouer** closed the public hearing.

Commissioner Herzog stated that the future governance of Coto de Caza and Wagon Wheel was of primary concern to the stakeholder working group. As Rancho Santa Margarita is the most likely future service provider to those unincorporated communities, he suggested revisions to the city's MSR determinations, as well as the resolution for MSR 05-24, indicating that the LAFCO believes the city to be the most logical future service provider and encouraging discussions to that end.

MOTION: Adopt staff recommendations, including changes to the City of Rancho Santa Margarita's current sphere of influence, and revise the resolutions (SOI 05-26 and MSR 05-24) as discussed (Peter Herzog)
SECOND: Susan Wilson
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer, James Silva, Susan Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

7i. Sphere of Influence Review for the City of San Clemente (SOI 05-27)

Executive Officer Crosthwaite presented staff recommendations for the City of San Clemente's sphere of influence (SOI) update, which included the reaffirmation of the city's current coterminous sphere of influence.

Chair Bouer opened the public hearing. Receiving no response, he then closed the public hearing without any comments from the public.

MOTION: Adopt staff recommendations, including reaffirmation of the City of San Clemente's current coterminous sphere of influence (Arlene Schafer)
SECOND: Bill Campbell
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer, James Silva, Susan Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

7j. Sphere of Influence Review for the City of San Juan Capistrano (SOI 05-28)

Executive Officer Crosthwaite presented staff recommendations for the City of San Juan Capistrano's sphere of influence (SOI) update, which included the reaffirmation of the city's current coterminous sphere of influence. She added that the city's current sphere includes one unincorporated island, for which staff just received an annexation application from the city.

Chair Bouer opened the public hearing. Receiving no response, he then closed the public hearing without any comments from the public.

MOTION: Adopt staff recommendations, including reaffirmation of the City of San Juan Capistrano's current coterminous sphere of influence (Arlene Schafer)
SECOND: Susan Wilson
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer, James Silva, Susan Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

7k. Sphere of Influence Review for the Santa Margarita Water District (SOI 05-29)

Executive Officer Crosthwaite presented staff recommendations for the Santa Margarita Water District's sphere of influence (SOI) update, which included the reaffirmation of the district's current sphere of influence.

Chair Bouer opened the public hearing. Receiving no response, he then closed the public hearing without any comments from the public.

MOTION: Adopt staff recommendations, including reaffirmation of the Santa Margarita Water District's current sphere of influence (Bill Campbell)
SECOND: Peter Herzog
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer, James Silva, Susan Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

7l. Sphere of Influence Review for the Trabuco Canyon Water District (SOI 05-30)

Executive Officer Crosthwaite presented staff recommendations for the Trabuco Canyon Water District's sphere of influence (SOI) update, including

proposed changes to the district's current sphere of influence. She indicated that staff proposes to remove two non-contiguous areas from the district's current sphere of influence.

Commissioner Campbell asked if ratepayers living in the area staff proposed removing from the district's sphere would pay significantly more if annexed to the adjacent service provider, the Irvine Ranch Water District (IRWD). Executive Officer Crosthwaite explained that the Trabuco Canyon Water District is engaged in a study that will result in a rate restructuring.

Chair Bouer opened the public hearing.

Don Chadd, General Manager of the Trabuco Canyon Water District, affirmed that the district is engaged in a rate study and said that he hoped that the new rate structure will be painless to the ratepayers.

Receiving no further response, **Chair Bouer** closed the public hearing.

MOTION: Adopt staff recommendations, including recommended changes to the Trabuco Canyon Water District's current sphere of influence (Peter Herzog)
SECOND: Arlene Schafer
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer, James Silva, Susan Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

7f. Municipal Service Reviews and Governance Strategy for South Orange County (MSR 05-24)

Commissioner Herzog made a motion to adopt staff recommendations for the South County MSR and government structure options. In consideration of **Commissioner T. Wilson's** letter, he directed staff to return to the Commission with quarterly updates regarding South County governance issues and discussions. **Commissioner Schafer** seconded the motion.

MOTION: Adopt staff recommendations for the South County MSR and government structure options; direct staff to provide quarterly updates to the Commission (Peter Herzog)
SECOND: Arlene Schafer
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer, James Silva, Susan Wilson, John Withers

AGAINST: None
ABSTAIN: None
MOTION PASSED

7e. Sphere of Influence Review for the Sunset Beach Sanitary District (SOI 05-35)

The Commission considered the Sunset Beach Sanitary District's sphere of influence, which was deferred from earlier in the meeting so that it could be considered along with the City of Huntington Beach's municipal service review and sphere of influence update.

Assistant Executive Officer Aldrich presented the staff report for the Sunset Beach Sanitary District's sphere of influence (SOI) update. He indicated that the district, established in 1930, provides sewer and trash service by contract to the unincorporated community of Sunset Beach, the gated residential community of Surfside located within the City of Seal Beach, and a small portion of the City of Huntington Beach. He stated that the district's boundaries have remained static for 76 years and that the Commission last reviewed the district's sphere 23 years ago, at which time it assigned a coterminous sphere to the district.

Mr. Aldrich stated that staff recommended the Commission assign the Sunset Beach Sanitary District a transitional sphere of influence as a means to signal to the district that alternative service provision options should at least be examined at this time. He explained that, because the district is virtually surrounded by the City of Huntington Beach, the city is the logical long-term municipal service provider for the area. He additionally noted that a transitional sphere of influence would have no effect on current service provision.

Commissioner Campbell noted that the district's ratepayers currently receive trash pick-up twice per week. Mr. Aldrich explained that an independent consultant, paid for by LAFCO, thoroughly reviewed the district and city's rates and concluded that, the district's rates are slightly higher than the city's rates, which offsets the higher service level provided by SBSD. Referring to the hand-out provided by district representatives, Mr. Aldrich said that LAFCO staff disputes the district's rate figures.

Executive Officer Crosthwaite interjected that, because LAFCO and district staffs could not come to consensus regarding the rate comparison, LAFCO staff excluded the consultant's analysis from the staff report. She further added that the City of Huntington Beach had not expressed any interest in annexing the area.

Commissioner S. Wilson cautioned that she supported the adoption of a coterminous sphere of influence for the district, though declined to make a motion.

The Commission concurred that it would hold concurrent public hearings for items “7e,” the Sphere of Influence Review for the Sunset Beach Sanitary District (SOI 05-35), and “8a,” Municipal Service Review and Sphere of Influence Update for the City of Huntington Beach (MSR 06-01 & SOI 06-02), because of they were interrelated.

8. PUBLIC HEARING

a.) Municipal Service Review and Sphere of Influence Update for the City of Huntington Beach (MSR 06-01 & SOI 06-02)

8a. Municipal Service Review and Sphere of Influence Update for the City of Huntington Beach (MSR 06-01 & SOI 06-02)

Project Manager Emery presented the staff report for the municipal service review (MSR) and sphere of influence (SOI) update for the City of Huntington Beach (MSR 06-01 & SOI 06-02). She summarized the services provided by Huntington Beach, a full-service city, and added that the city provides some water services beyond its corporate boundaries. She further summarized the nine service review determinations, indicating that government structure options was the only category that warranted staff attention because of potential annexation applications in this area.

Ms. Emery explored each of three unincorporated areas adjacent to the city’s boundaries, which include the Bolsa Chica Ecological Preserve, a 41-acre island located between the Cities of Huntington Beach and Westminster, and the unincorporated community of Sunset Beach. She indicated that, because of potential annexation applications in this area, Bolsa Chica was not included in the SOI review. She further added that the City of Huntington Beach had not expressed any interest in annexing the unincorporated island and indicated that the island issue would be further examined with the City of Westminster’s municipal service review.

Regarding the unincorporated community of Sunset Beach, Ms. Emery stated that staff believes Huntington Beach to be the most logical long-term service provider to the community and recommended amending the city’s sphere of influence to include the area. She said that eventual annexation of the community to the City of Seal Beach is another viable alternative but added that Seal Beach has no interest in annexing and extending services to the

territory. She indicated that the residents of Sunset Beach are vehemently opposed to being included in any city's sphere of influence.

At the conclusion of her presentation, Ms. Emery summarized staff's sphere findings and recommended modifications to the City of Huntington Beach's sphere of influence, which included the inclusion of Sunset Beach in the city's sphere. She also personally thanked Paul Emery of Huntington Beach and city staff for their assistance during the MSR/SOI process.

Responding to a question posed by **Commissioner Schafer**, Ms. Emery said that approximately 1200 people reside in Sunset Beach.

Commissioner McCune inquired about the unincorporated island located between the Cities of Huntington Beach and Westminster. Ms. Emery responded that the island is located entirely north of the 405 freeway and will be studied during the Westminster/Midway City municipal service review. She added that neither city had expressed any interest in annexing the island.

Chair Bouer asked if the City of Huntington Beach had extended water service to Bolsa Chica. Ms. Emery stated that the out-of-area agreement was not yet finalized and added that staff would bring an update to the Commission once the agreement was in place.

Commissioner Campbell left the Commission meeting.

Chair Bouer opened the public hearing for agenda items "7e" and "8a," the Sphere of Influence Review for the Sunset Beach Sanitary District (SOI 05-35) and the Municipal Service Review and Sphere of Influence Update for the City of Huntington Beach (MSR 06-01 & SOI 06-02).

John Wood, President of the Sunset Beach Sanitary District (SBSD), requested that the Commission assign a coterminous, rather than transitional, sphere of influence for at least the next five years. He cited various capital improvement projects the district wished to complete for its ratepayers. He expressed concern that the City of Huntington Beach would not give those projects the attention and resources required. He maintained that SBSD provides a higher level of service for less cost than the City of Huntington Beach and stated that the district's low overhead enables the taxpayers' money to be allocated directly to the services provided.

Greg Griffin, Director of the Sunset Beach Sanitary District, referred to the financial handout he provided to the Commission. He stated that the district has no administrative overhead and low operational costs, because the district has volunteer directors and does not maintain an office. He indicated that the

district's staff receives reasonable salaries and no pensions. He opined that SBSB is run more efficiently than larger municipal service providers and provides a higher level of service. He submitted a petition signed by more than 400 of the district's ratepayers in support of a coterminous sphere of influence.

Executive Officer Crosthwaite said that staff disputed the figures submitted by the district.

Pat Thies, President of the Sunset Beach Community Association, spoke in support of excluding Sunset Beach from the City of Huntington Beach's sphere of influence and granting SBSB a coterminous sphere of influence. She said that the City of Huntington Beach is too commercial and growth-oriented for the Sunset Beach residents' tastes.

Mike Van Voorhis, a 34-year resident of Sunset Beach, spoke in support of granting SBSB a coterminous sphere of influence. He said that the spirit of volunteerism employed by the district exemplifies how good government should work.

Lyman Lokken, a resident of Sunset Beach, spoke in support of excluding Sunset Beach from the City of Huntington Beach's sphere of influence and granting SBSB a coterminous sphere of influence. He spoke to the different cultures between Sunset Beach and the City of Huntington Beach and expressed fears that the inclusion of Sunset Beach in the city's sphere was a slippery slope towards annexation. He praised SBSB's project to reline the sewer lines. He also indicated that Sunset Beach residents are investigating means to form a community services district.

Rob Argetsinger, a resident of Sunset Beach, spoke in support of granting SBSB a coterminous sphere of influence. He praised the district's efficient and cost effective operations.

Gretchen Hoad, a resident of Sunset Beach and member of the stakeholder working group for the area's municipal service review, spoke in support of excluding Sunset Beach from the City of Huntington Beach's sphere of influence and granting SBSB a coterminous sphere of influence. She commented on the Sunset Beach residents' vehement opposition to being included in the City of Huntington Beach's sphere of influence and referenced the many letters sent to the Commission by community residents. She indicated that the residents fear their community will be annexed to the city under the legislative provisions for unincorporated islands, which does not allow residents to protest. She described Sunset Beach as a tight-knit, civic-

minded community with a steadfast interest in controlling its own destiny. She also cited the City of Huntington Beach's financial woes.

Patricia Kennedy, a Sunset Beach resident and representative of the Sunset Beach Local Coastal Program, read the letter submitted to the Commission from the Local Coastal Planning Program Board into the record. She noted in particular the differing coastal regulations in Sunset Beach versus the City of Huntington Beach.

Laurie Krein, a resident of Sunset Beach, spoke in support of excluding Sunset Beach from the City of Huntington Beach's sphere of influence, stating that the unique nature the of community would be ruined if Sunset Beach were annexed to Huntington Beach. She opined that the formation of a community services district would alleviate the community's burden on the County for services.

Mark Montgomery, a resident of Sunset Beach, spoke in support of excluding Sunset Beach from the City of Huntington Beach's sphere of influence and granting SBSD a coterminous sphere of influence. He stated that he likes knowing exactly where and how his tax dollars are being spent.

Bill Parker, a resident of Sunset Beach, spoke in support of excluding Sunset Beach from the City of Huntington Beach's sphere of influence and granting SBSD a coterminous sphere of influence. He quoted the LAFCO mission and asked the Commission to leave the community and its sanitary district alone.

Tom Gregory, a resident of Sunset Beach, echoed Mr. Parker's comments.

Diana Dodson, a resident of Sunset Beach, spoke in support of excluding Sunset Beach from the City of Huntington Beach's sphere of influence and granting SBSD a coterminous sphere of influence. She stated that the daytime scheduling of the Commission meeting made it difficult for many residents to attend the LAFCO public hearing. She cited the number of residents in the audience as an indication of the residents' fervent opposition to being included in the City of Huntington Beach's sphere. She further stated that the sanitary district does an exemplary job.

Graham Hoad, a 30-year resident of Sunset Beach, spoke in support of excluding Sunset Beach from the City of Huntington Beach's sphere of influence and granting SBSD a coterminous sphere of influence. He opined that annexation of Sunset Beach to the City of Huntington Beach would destroy the uniqueness of the community that has developed over many generations.

Bill Sebring, a Sunset Beach Community Association board member and 30-year resident, spoke in support of excluding Sunset Beach from the City of Huntington Beach's sphere of influence and granting SBSD a coterminous sphere of influence. He commended the Commission for its hard work and diligence. Citing the number of Sunset Beach residents in the audience, he said that, proportionally, the City of Huntington Beach would have to be represented by 7,000 people at the Commission meeting.

Chair Bouer closed the public hearing on items "7e" and "8a."

Commissioner Silva expressed his respect for Executive Officer Crosthwaite and her staff. He said that, while he understood staff's recommendations given LAFCO's charge, his opinion differed. He noted his high esteem for the Sunset Beach Sanitary District's board and reiterated the economies of scale argument. He said that he would like to see Sunset Beach remain a unique and independent community and further noted that the City of Huntington Beach has never expressed any interest in annexing the community or including it in the city's sphere.

Commissioner S. Wilson mentioned that she'd had the opportunity to visit Sunset Beach and agreed with the residents as to the community's unique and quaint nature.

Commissioner McCune stated that, while she understands Sunset Beach's distinctiveness and the residents' passion for their community, LAFCO's charge is to examine long-term service provision and make rational determinations. She stated that annexation to the city was not under consideration, just the city's sphere of influence amendment, and reminded the audience that the County has announced that it cannot continue providing municipal-level services to the unincorporated areas. She urged her fellow commissioners to consider LAFCO's mandates and support staff's recommendations.

Commissioner Schafer referenced comments made that indicated Sunset Beach residents did not receive adequate notice of the Commission's public hearing. Executive Officer Crosthwaite responded that staff had been working on the service review for the better part of three years. She added that, in addition to the legal noticing, staff's recommendations had been disclosed and discussed at two public meetings that involved representatives of the community.

Commissioner Herzog echoed **Commissioner McCune's** comments about logical service provision and LAFCO's mandates. He explained to the audience that a transitional sphere did not signify that the Sunset Beach

Sanitary is doing a poor job; it was merely meant to encourage discussion among the agencies about long-term future service provision without any foregone conclusions about what the ultimate decision will be. He also assured that a transitional sphere would not effect the district's day-to-day operations.

Commissioner Marshall voiced her support of **Commissioner Herzog's** point of view. She explained that spheres of influence are future-oriented planning tools. She stated that as an alternate commissioner, like **Commissioner McCune**, she did not have a vote but encouraged her fellow commissioners to do adopt a transitional sphere of influence for the Sunset Beach Sanitary District.

Commissioner Withers called the question.

MOTION: **Revise the draft resolution to reflect a “coterminous” rather than “transitional” sphere of influence for the Sunset Beach Sanitary District; adopt the remainder of staff recommendations (James Silva)**

SECOND: **Susan Wilson**

FOR: **Robert Bouer, Arlene Schafer, James Silva, Susan Wilson, John Withers**

AGAINST: **Peter Herzog**

ABSTAIN: **None**

MOTION PASSED

Chair Bouer asked for a motion on item “8a,” the Municipal Service Review and Sphere of Influence Update for the City of Huntington Beach (MSR 06-01 & SOI 06-02).

Commissioner Silva said that, as a long-time resident of Huntington Beach and former city councilman, he had never heard the city express an interest in including Sunset Beach in its sphere. He made a motion to revise the draft resolution, excluding the unincorporated community of Sunset Beach from the City of Huntington Beach's sphere of influence, and adopt the remainder of staff recommendations. **Commissioner Schafer** seconded the motion.

Commissioner Herzog clarified **Commissioner Silva's** motion. He expressed his disappointment in the motion, stating that it goes against State statute and County policy. He again explained the purpose of a sphere of influence. He highlighted Corona del Mar as a unique community that, though annex to Newport Beach, has maintained its distinct identity. He voiced his frustration at the County's inconsistency—publicly stating it wants to discontinue municipal service provision but continuing to approve projects.

He also reminded his fellow commissioners that spheres are revisited every five years and can be changed.

Commissioner Marshall left the Commission meeting.

Chair Bouer asked for a roll call vote.

MOTION: **Revise the draft resolution, excluding the unincorporated community of Sunset Beach from the City of Huntington Beach's sphere of influence; adopt the remainder of staff recommendations (James Silva)**
SECOND: **Arlene Schafer**
FOR: **Robert Bouer, Arlene Schafer, James Silva, John Withers**
AGAINST: **Peter Herzog, Susan Wilson**
ABSTAIN: **None**
MOTION PASSED

9. COMMISSION DISCUSSION

- a.) Six-Month Status Update on Special Study Areas
- b.) Status Update re Commissioners' Terms of Office

9a. Six-Month Status Update on Special Study Areas

Project Manager Koeppen presented an update on the two special study areas designated from the Orange/Villa Park/Orange SOI municipal service review: unincorporated areas and open space. Regarding open space, she indicated that the City of Orange proposes to delay discussions until it completes its General Plan update at the end of the summer. Regarding the unincorporated areas, which include El Modena, Orange Park Acres, and the portion of North Tustin currently within the City of Orange's sphere of influence, she stated that the city had not completed any substantive action to date. She indicated that she would provide the next update on the special study areas to the Commission in September 2006.

9b. Status Update re Commissioners' Terms of Office

Executive Officer Crosthwaite noted that four commissioners' terms of office would expire on June 30, 2006: **Commissioners Herzog, C. Wilson, S. Wilson, and Withers**. She stated that staff would notify and work with the Orange County Division of the League of Cities and the Independent Special Districts of Orange County (ISDOC) to schedule the required elections for the

city and special district member seats. She then asked for the Commission's guidance on the public member recruitment efforts.

Commissioner Herzog recommended that, in the interest of transparency, staff draft a press release regarding the public member vacancy. The remainder of the Commission concurred.

10. COMMISSIONER COMMENTS

Chair Bouer opened the floor for commissioner comments.

Commissioner S. Wilson noted that she had lost her watch in the parking lot the previous afternoon and was pleasantly surprised that someone had found it and turned it in to the Sheriff's station in the Hall of Administration.

Commissioner Herzog expressed his disappointment in the outcome of public hearing items "7e" and "8a." He stated that, while community residents will always be emotional, it is the Commission's charge to remain rational and focused on long-term service provision. He expressed his concern that the County will one day have permanent unincorporated areas, for which it will be responsible for providing municipal-level services.

Commissioner Withers objected to **Commissioner Herzog's** comments as a point of order. **Commissioner Herzog** defended his comments, saying they were not specifically about the public hearings but rather a larger philosophical commentary on the Commission's charge and the purpose of spheres of influence using today's public hearing items as an example.

Commissioner McCune concurred, indicating that she was similarly frustrated by the Commission's decisions. She said that LAFCOs are supposed to be impartial and objective when determining spheres of influence and rendering other decisions. She also stated that the three-minute speaker limit should be strictly adhered to.

Commissioner S. Wilson expressed her agreement with **Commissioner McCune's** comments about impartiality in decision making.

11. INFORMATIONAL ITEMS & ANNOUNCEMENTS

a.) Form 700 Submissions

11a. Form 700 Submissions

Executive Officer Crosthwaite reminded the Commission to submit their Form 700s by the April 1 deadline.

12. CLOSED SESSION

Public Employee Performance Evaluation

Title: Executive Officer

Conference with Labor Negotiators

Agency designated representatives: Chair Bouer and Commissioners

Unrepresented Employee: Executive Officer

Chair Bouer adjourned the Commission meeting for closed session at 12:07 p.m. He reconvened the meeting at 12:19 p.m. and announced the Commission's adoption of the personnel committee's recommendations related to Executive Officer Crosthwaite's performance evaluation.

MOTION: Adopt the personnel committee's recommendations related to the Executive Officer's performance evaluation and adopt resolution 06-10, approving the first amended Memorandum of Agreement for the position of LAFCO Executive Officer (Peter Herzog)

SECOND: James Silva

FOR: Robert Bouer, Peter Herzog, Arlene Schafer, James Silva, Susan Wilson, John Withers

AGAINST: None

ABSTAIN: None

MOTION PASSED

13. ADJOURNMENT

Chair Bouer adjourned the meeting at 12:20 p.m.

* * * * *

JOYCE CROSTHWAITE
Executive Officer
Orange County Local Agency Formation Commission

By: _____

Danielle M. Ball

Danielle M. Ball
Communications Analyst/Commission Clerk